

**North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana**

Financial Statements With Auditor's Report

As of and For the Year Ended December 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/30/08

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana

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Independent Auditors' Report

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana

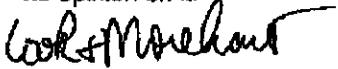
We have audited the financial statements of the governmental activities and major fund of the North Louisiana Criminalistics Laboratory Commission (the "Commission") as of and for the year ended December 31, 2007, which collectively comprise the North Louisiana Criminalistics Laboratory Commission's basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the North Louisiana Criminalistics Laboratory Commission's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the North Louisiana Criminalistics Laboratory Commission as of December 31, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 5, 2008 on our consideration of the North Louisiana Criminalistics Laboratory Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 – 8 and on pages 23 – 24, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Cook & Morehart
Certified Public Accountants
June 5, 2008

NORTH LOUISIANA CRIMINALISTICS LABORATORY COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of North Louisiana Criminalistics Laboratory Commission's financial performance provides an overview of the North Louisiana Criminalistics Laboratory Commission's financial activities for the fiscal year ended December 31, 2007. Please read it in conjunction with the Commission's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The North Louisiana Criminalistics Laboratory Commission's net assets decreased by \$71,704 or 4%.

The North Louisiana Criminalistics Laboratory Commission's total revenues were \$2,727,316 in 2007 compared to \$2,812,608 in 2006.

During the year ended December 31, 2007, the North Louisiana Criminalistics Laboratory Commission had total expenses, excluding depreciation of \$2,643,312, compared to \$2,374,956 in 2006.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 10) provide information about the activities of the North Louisiana Criminalistics Laboratory Commission as a whole and present a longer-term view of the Commission's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the North Louisiana Criminalistics Laboratory Commission's operations in more detail than the government-wide statements by providing information about the North Louisiana Criminalistics Laboratory Commission's most significant funds.

Reporting the North Louisiana Criminalistics Laboratory Commission as a Whole

Our analysis of the North Louisiana Criminalistics Laboratory Commission as a whole begins on page 9. One of the most important questions asked about the North Louisiana Criminalistics Laboratory Commission's finances is "Is the North Louisiana Criminalistics Laboratory Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report

information about the funds maintained by the North Louisiana Criminalistics Laboratory Commission as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the North Louisiana Criminalistics Laboratory Commission's *net assets* and changes in them. You can think of the North Louisiana Criminalistics Laboratory Commission's net assets – the difference between assets and liabilities – as one way to measure the North Louisiana Criminalistics Laboratory Commission's *financial health*, or *financial position*. Over time, *increases or decreases* in the North Louisiana Criminalistics Laboratory Commission's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, to assess the overall health of the Commission.

In the Statement of Net Assets and the Statement of Activities, we record the funds maintained by the North Louisiana Criminalistics Laboratory Commission as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the North Louisiana Criminalistics Laboratory Commission are reported here which consists primarily of personal services, materials and supplies, contractual and other services, and other program services. Grants and court fees finance most of these activities.

Reporting the Commission's Most Significant Funds

Our analysis of the major funds maintained by the North Louisiana Criminalistics Laboratory Commission begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the most significant funds maintained by the North Louisiana Criminalistics Laboratory Commission– not the North Louisiana Criminalistics Laboratory Commission as a whole. The North Louisiana Criminalistics Laboratory Commission's *governmental funds* use the following accounting approaches:

Governmental funds – All of the North Louisiana Criminalistics Laboratory Commission's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the North Louisiana Criminalistics Laboratory Commission's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain North Louisiana Criminalistics Laboratory Commission expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of

Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

**THE NORTH LOUISIANA CRIMINALISTICS LABORATORY COMMISSION
AS A WHOLE**

The North Louisiana Criminalistics Laboratory Commission's total net assets changed from a year ago, decreasing from \$1,990,450 to \$1,918,746. Our analysis below will focus on key elements of the total governmental funds for the December 31, 2007 and 2006 years.

**Table 1
Net Assets**

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 687,458	\$ 683,428
Capital assets	<u>1,293,633</u>	<u>1,386,151</u>
Total assets	<u>1,981,091</u>	<u>2,069,579</u>
Current liabilities	13,561	28,183
Long-term liabilities	<u>48,784</u>	<u>50,946</u>
Total liabilities	<u>62,345</u>	<u>79,129</u>
Net assets:		
Investments in capital assets	1,293,633	1,386,151
Restricted	181,926	231,399
Unrestricted	<u>443,187</u>	<u>372,900</u>
Total net assets	<u>\$ 1,918,746</u>	<u>\$ 1,990,450</u>

Net assets of the North Louisiana Criminalistics Laboratory Commission's governmental activities decreased by \$71,704 or 4%. Unrestricted net assets, the part of net assets that can be used to finance North Louisiana Criminalistics Laboratory Commission expenses without constraints or other legal requirements, increased from \$372,900 at December 31, 2006 to \$443,187 at December 31, 2007.

**Table 2
Change in Net Assets**

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Revenues		
Program Revenues		
Operating grants and contributions	\$ 425,057	\$ 615,795
General Revenues		
Court fees:		
District courts	1,265,762	1,282,027
City courts	704,469	622,616
Mayor courts	138,978	139,070
Bond fees	75,074	104,725
Fees Act 432	86,210	-
Interest income	14,866	9,143
Miscellaneous revenues	<u>16,900</u>	<u>39,232</u>
Total revenues	<u>2,727,316</u>	<u>2,812,608</u>
Expenses		
Operations – criminalistics laboratory	<u>2,799,020</u>	<u>2,530,985</u>
Increases (decreases) in net assets	<u>\$ (71,704)</u>	<u>\$ 281,623</u>

Total revenues decreased \$85,292 (3%) from total revenues in the year ended December 31, 2006 of \$2,812,608 to total revenues of \$2,727,316 in the year ended December 31, 2007.

THE COMMISSION'S FUNDS

As the Commission completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a *combined* fund balance of \$600,507, which is higher than last year's fund balance of \$479,887. The primary reasons for the increase are an increase in fees from the various courts.

General Fund Budgetary Highlights

The Commission adopted a budget for its General Fund for the year ended December 31, 2007. There was no amendment to the budget during the year. The Commission's budgetary comparison is presented as required supplementary information and shown on page 23. Highlights for the year are as follows:

- Expenditures for lab supplies were lower than anticipated due to conservative purchasing and grant funds utilized for supply purchases.
- Increased revenues from the various courts and new fees from Act 432.

The Commission's General Fund balance of \$600,507 reported on page 11 differs from the General Fund's *budgetary* fund balance of \$302,125 reported in the budgetary comparison schedule on page 23. This is primarily due to the Commission budgeting on the cash basis of accounting.

CAPITAL ASSETS

Capital Assets

At the end of December 31, 2007, the North Louisiana Criminalistics Laboratory Commission had invested \$1,293,633 in capital assets. (see table 3 below)

Table 3
Capital Assets At Year End
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Land	\$ 76,161	\$ 76,161
Buildings	313,641	333,244
Lab and office equipment	836,097	909,587
Furniture and fixtures	10,925	11,673
Idle assets	10,540	-
Vehicles	<u>46,269</u>	<u>55,486</u>
Total	<u>\$ 1,293,633</u>	<u>\$ 1,386,151</u>

This year's major additions included:

Lab and office equipment	<u>\$ 63,190</u>	<u>\$ 33,024</u>
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More detailed information about the capital assets are presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The North Louisiana Criminalistics Laboratory Commission's management considered many factors when setting a fiscal year December 31, 2008 budget. Amounts available for appropriation and expenditures are expected to be consistent with the 2007 budget.

The Commission anticipates receiving Capital Outlay funding for use in the Planning Phase of the new North Louisiana Forensic Science Center.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the North Louisiana Criminalistics Laboratory Commission and to show the North Louisiana Criminalistics Laboratory Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of the North Louisiana Criminalistics Laboratory Commission at 1115 Brooks Street, Shreveport, Louisiana 71101.

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Statement of Net Assets
 December 31, 2007

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 302,094
Accounts receivable	361,349
Prepaid expenses	24,015
Capital assets (net)	<u>1,293,633</u>
Total assets	<u>1,981,091</u>
LIABILITIES	
Accrued Liabilities	13,561
Long-term liabilities:	
Compensated absences	
Due within one year	<u>48,784</u>
Total liabilities	<u>62,345</u>
NET ASSETS	
Investment in capital assets	1,293,633
Unrestricted	443,187
Restricted	<u>181,926</u>
Total net assets	<u>\$ 1,918,746</u>

See accompanying notes to the basic financial statements.

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Statement of Activities
For the Year Ended December 31, 2007

GOVERNMENTAL ACTIVITIES

Expenses:

Operations - criminalistics laboratory	<u>\$ 2,799,020</u>
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Program revenues:

Operating grants and contributions	<u>425,057</u>
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Net program expenses	<u>(2,373,963)</u>
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General revenues:

Court fees:	
District courts	1,265,762
City courts	704,469
Mayor courts	138,978
Bond fees	75,074
Fees Act 432	86,210
Interest income	14,866
Miscellaneous	<u>16,900</u>

Total general revenues	<u>2,302,259</u>
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Change in net assets	(71,704)
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Net assets - beginning	<u>1,990,450</u>
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Net assets - ending	<u>\$ 1,918,746</u>
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See accompanying notes to the basic financial statements.

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Balance Sheet
Governmental Funds
December 31, 2007

	<u>General Fund</u>
Assets	
Cash	\$ 302,094
Accounts receivable	<u>361,349</u>
Total assets	<u>\$ 663,443</u>
Liabilities	
Accrued liabilities	\$ 13,561
Deferred revenue	<u>49,375</u>
Total liabilities	<u>62,936</u>
Fund balances	
Unreserved	418,581
Reserved	<u>181,926</u>
Total fund balances	600,507
 Amounts reported for governmental activities in the statement of activities are different because:	
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	24,015
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(48,784)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,293,633
Grant / contractual revenues not received within the period of availability are not recognized in the governmental funds.	<u>49,375</u>
Net assets of governmental activities	<u>\$ 1,918,746</u>

See accompanying notes to the basic financial statements.

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2007

	<u>General Fund</u>
Revenues	
Court fees:	
District courts	\$ 1,260,947
City courts	704,469
Mayor courts	138,978
Grant revenue	522,579
Bond fees	73,910
Fees Act 432	86,210
Interest income	14,866
Miscellaneous	16,900
Total revenues	<u><u>2,818,859</u></u>
Expenditures	
Operations:	
Auto expense	9,776
Building maintenance	35,318
Dues and subscriptions	11,532
Freight	4,980
Insurance - general	62,616
Insurance - health	131,352
Laboratory equipment maintenance	2,500
Laboratory supplies	250,149
Professional fees	9,180
Office supplies	33,571
Office equipment maintenance	43,432
Document examiner	29,900
Accreditation	19,453
DNA	230,747
Other services	870
Retirement expense	171,307
Salaries	1,442,934
Payroll taxes	18,011
Training	33,472
Travel	24,316
Utilities	69,633
Capital outlay	63,190
Total expenditures	<u><u>2,698,239</u></u>
Excess (deficiency) of revenues over (under) expenditures	120,620
Fund balance, beginning of year	<u>479,867</u>
Fund balance, end of year	<u><u>\$ 600,507</u></u>

See accompanying notes to the basic financial statements.

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007

Net change in fund balances - total governmental funds **\$ 120,620**

Amounts reported for governmental activities in the statement of activities are different because:

The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources. **(10,427)**

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. **2,162**

Grant / contractual revenues not received within the period of availability are not recognized in the governmental funds. **(91,541)**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$155,708) exceeded capital outlays (\$63,190) in the current period. **(92,518)**

Change in net assets of governmental activities **\$ (71,704)**

See accompanying notes to the basic financial statements.

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2007

INTRODUCTION

The North Louisiana Criminalistics Laboratory Commission (the Commission) was created in accordance with Louisiana Revised Statutes 40:2261–2266.3, for crime detection, prevention, investigation and other related activities in connection with criminal investigations. The Laboratory Commission serves the Louisiana parishes of Avoyelles, Bienville, Bossier, Caddo, Caldwell, Catahoula, Claiborne, Concordia, DeSoto, East Carroll, Franklin, Grant, Jackson, LaSalles, Lincoln, Madison, Morehouse, Natchitoches, Ouachita, Rapides, Red River, Richland, Sabine, Tensas, Union, Vernon, Webster, West Carroll and Winn.

The membership of the Commission consists of the coroner, sheriff, and Commission attorney of the parish in which the Commission is domiciled, which is Caddo Parish, to serve during their elective terms of office, together with one person from each of the twenty-nine (29) parishes which the Commission serves. Those persons are appointed by the respective governing authorities of the parishes and serve for a period of two years or until a successor is appointed. The Commissioners serve without pay.

(1) Summary of Significant Accounting Policies

The North Louisiana Criminalistics Laboratory Commission's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (*Statements and Interpretations*). The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. The more significant accounting policies established in GAAP and used by the North Louisiana Criminalistics Laboratory Commission are discussed below.

A. Reporting Entity

Louisiana Revised Statute 40:2265 states that the Commission is created as a body politic with the right to sue and be sued, acquire any and all property necessary for its operations, to incur debt, to accept gifts and donations, and to establish rules and regulations for the conduct of its affairs. For those reasons and due to the nature of its operations covering twenty-nine (29) parishes, the Commission is considered a legally separate local public entity and it is not considered a component unit of any parish or other local government.

B. Basic Financial Statements – Government-Wide Statements

The North Louisiana Criminalistics Laboratory Commission's basic financial statements include both government-wide (reporting the funds maintained by the North Louisiana Criminalistics Laboratory Commission as a whole) and fund financial statements (reporting the North Louisiana Criminalistics Laboratory Commission's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The North Louisiana Criminalistics Laboratory Commission's general fund is classified as governmental activities. The North Louisiana Criminalistics Laboratory Commission does not have any business-type activities.

(Continued)

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2007
(Continued)

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The North Louisiana Criminalistics Laboratory Commission's net assets are reported in three parts – invested in capital assets, restricted, and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the North Louisiana Criminalistics Laboratory Commission's functions. The functions are supported by general government revenues and program revenues consisting of operating and capital grants and contributions. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. The net costs (by function) are covered by general revenues.

This government-wide focus is more on the sustainability of the North Louisiana Criminalistics Laboratory Commission as an entity and the change in the North Louisiana Criminalistics Laboratory Commission's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the North Louisiana Criminalistics Laboratory Commission are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the North Louisiana Criminalistics Laboratory Commission:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the North Louisiana Criminalistics Laboratory Commission:

- a. General funds are the general operating funds of the North Louisiana Criminalistics Laboratory Commission. They are used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Commission's general fund was determined to be a major fund.

(Continued)

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2007
(Continued)

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The Commission's primary revenue source consists of fees assessed in accordance with Louisiana Revised Statute 40:2264 on criminal cases prosecuted under state statutes, parish ordinances, or city ordinances in any mayor's, city, or district court of the State of Louisiana sitting within a parish served by the Commission. The fees are assessed in accordance with fee schedule as listed in Louisiana Revised Statute 40:2264 and are \$10 and \$50 per case depending on the type of offense. Revenue is recorded based upon the period collected by various courts. Interest income is recorded when earned. Donations are recorded when received in cash, because they are generally not measurable until actually received. Federal and state grants are recorded when the Commission is entitled to the funds, except for certain federal grants which require funds not expended to be returned to the funding source. On those grants, revenue is recognized only upon expending those funds.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. Budgets

The System Director and Executive Secretary prepare a proposed budget and do the following:

- (1) Submit it to the Board of Commissioners for approval.
- (2) Submit it to all governing authorities of the parishes which the Commission serves in order to obtain at least a majority approval.
- (3) All budgetary appropriations lapse at the end of each fiscal year.
- (4) The basis of accounting applied to budgetary data is presented on the cash basis of accounting.

(Continued)

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2007
(Continued)

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at cost, which approximates market.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20 – 40 years
Vehicles	10 – 15 years
Equipment	5 – 35 years
Furniture / Fixtures	5 – 35 years

H. Compensated Absences

The Commission has the following policy relating to vacation and sick leave:

Employees of the Commission earn from 8 hours to 16 hours per month of sick leave each year and from 6 hours to 14 hours per month of vacation leave each year, depending on their lengths of service. Upon separation of employment unused vacation leave can be paid to the employee. Sick leave will not be paid upon separation of service. Effective January 1, 1998, vacation leave unused in a given year in excess of 40 hours may not be carried forward. Accumulated unused vacation leave as of December 31, 1997 was allowed to be carried forward. Unused sick leave is allowed to accumulate. The cost of leave privileges, computed in accordance with the above policy, is recognized as a current-year expenditure within the general fund when leave is actually taken.

(Continued)

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2007
(Continued)

I. *Use of Estimates*

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

J. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

K. *Net Assets*

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the district or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The commission's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

(2) *Cash and Cash Equivalents*

At December 31, 2007, the Commission had cash and cash equivalents (book balances) totaling \$302,084 in interest bearing demand deposit accounts. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2007, \$355,889 of the Commission's bank balances totaling \$456,889 were exposed to custodial credit risk as uninsured and collateral held by the pledging bank's trust department not in the District's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

(Continued)

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2007
(Continued)

(3) Receivables

The following is a summary of receivables at December 31, 2007:

Court fees	\$ 204,074
Bond fees	4,730
Grants	143,841
Other	8,704
Total	<u>\$ 361,349</u>

(4) Accrued Liabilities

Accrued Liabilities at December 31, 2007, consisted of compensated absences of \$13,561.

(Continued)

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2007
 (Continued)

(5) Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

	<u>Balance at Jan. 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at Dec. 31, 2007</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 76,161	\$ —	\$ —	\$ 76,161
Total capital assets, not being depreciated	<u>76,161</u>	<u>—</u>	<u>—</u>	<u>76,161</u>
Capital assets, being depreciated:				
Buildings	960,532	—	—	960,532
Lab and office equipment	2,162,657	63,190	—	2,225,847
Idle assets	33,012	—	—	33,012
Furniture and fixtures	40,798	—	—	40,798
Vehicles	98,466	—	—	98,466
Total capital assets, being depreciated at historical cost	<u>3,295,463</u>	<u>63,190</u>	<u>—</u>	<u>3,358,653</u>
Less accumulated depreciation:				
Buildings	(627,288)	(19,603)	—	(646,891)
Lab and office equipment	(1,265,134)	(124,616)	—	(1,389,750)
Idle assets	(20,948)	(1,524)	—	(22,472)
Furniture and fixtures	(29,123)	(748)	—	(29,871)
Vehicles	(42,980)	(9,217)	—	(52,197)
Total accumulated depreciation	<u>(1,985,473)</u>	<u>(155,708)</u>	<u>—</u>	<u>(2,141,181)</u>
Total capital assets, being depreciated, net	<u>1,309,990</u>	<u>(92,518)</u>	<u>—</u>	<u>1,217,472</u>
Governmental activities capital assets, net	<u>\$ 1,309,990</u>	<u>\$ (92,518)</u>	<u>\$ —</u>	<u>\$ 1,217,472</u>

Depreciation expense for the year ended December 31, 2007, was \$155,708.

(6) Pension Plan

Substantially, all employees of the Commission are members of the Parochial Employees Retirement System of Louisiana (System), a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Commission are members of Plan A.

(Continued)

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2007
(Continued)

All permanent employees working at least 28 hours per week who are paid wholly or in part from Commission funds are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefits accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. The current rate is 13.25 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish.

These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan.

The contribution requirements of plan members and the Commission are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Commission's contributions to the System under Plan A for the years ending December 31, 2007, 2006, and 2005, were \$186,246, \$166,761, and \$156,908, respectively, equal to the required contributions for each year.

(7) Risk Management

The Commission purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(Continued)

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Notes to Financial Statements
 December 31, 2007
 (Continued)

(8) Long-term Debt

At December 31, 2007, employees of the Commission have accumulated and vested \$62,345 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

Activity for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 72,376	\$ 94,644	\$(104,675)	\$ 62,345	\$ 62,345
Less amounts due within period of availability- recorded in accounts payable				(13,561)	
Total long-term liabilities, government-wide statements				<u>\$ 48,784</u>	

(9) Restricted Net Assets and Reserved Fund Balance

The amounts shown as restricted net assets in the Statement of Net Assets and as reserved fund balance in the Balance Sheet for governmental funds at December 31, 2007, represents amounts received from federal/state/local grants and contract agreements for which the restrictions placed upon those funds have not yet been met.

(10) Subsequent Event

The Commission entered into a cooperative endeavor agreement with Louisiana State Police in December, 2007 to receive \$500,000 for employee benefits, supplies, utilities, equipment, and various other expenditures. In March 2008, the Commission entered into a cooperative endeavor agreement with the State of Louisiana for \$4.8 million dollars for the purpose of renovating, replacing, and expanding its existing facilities, and/or constructing new facilities.

North Louisiana Criminalistics Laboratory Commission
Shreveport, Louisiana
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balances-
Budget (Cash Basis) and Actual
For the Year Ended December 31, 2007

	Budgeted Amounts Original and Final	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Court fees:			
District courts	\$ 1,250,000	\$ 1,267,620	\$ 17,620
City courts	590,000	692,867	102,867
Mayor courts	135,000	134,278	(722)
Grant revenue	580,000	529,180	(50,820)
Bond fees	95,000	92,469	(2,531)
Interest income	7,000	14,866	7,866
Miscellaneous	35,000	17,400	(17,600)
Total revenues	<u>2,692,000</u>	<u>2,748,680</u>	<u>56,680</u>
Expenditures			
Operations:			
Auto expense	10,000	10,078	(78)
Building maintenance	36,000	35,318	682
Dues and subscriptions	3,500	11,632	(8,032)
Freight	2,000	4,980	(2,980)
Grant expenses	250,000	221,472	28,528
Insurance - general	60,000	62,616	(2,616)
Insurance - health	138,000	131,353	6,647
Laboratory equipment maintenance	45,000	45,932	(932)
Laboratory supplies	350,000	272,186	77,814
Legal and accounting	8,500	9,180	(680)
Accreditation expense	8,000	19,453	(11,453)
Office supplies	30,000	33,570	(3,570)
Document examiner	27,600	29,900	(2,300)
Other services	10,000	870	9,130
Retirement expense	192,000	171,307	20,693
Salaries	1,425,500	1,450,771	(25,271)
Payroll taxes	20,000	18,011	1,989
Professional dues and fees	45,000	20,250	24,750
Training	10,000	13,222	(3,222)
Travel	35,000	24,528	10,472
Utilities	75,000	69,633	5,367
Capital outlay	20,000	63,190	(43,190)
Total expenditures	<u>2,801,100</u>	<u>2,719,352</u>	<u>81,748</u>
Excess (deficiency) of revenues over (under) expenditures	(109,100)	29,328	138,428
Fund balance, beginning of year	119,668	272,797	153,129
Fund balance, end of year	<u>\$ 10,568</u>	<u>\$ 302,125</u>	<u>\$ 291,557</u>

See accompanying notes to the required supplementary schedule.

North Louisiana Criminalistics Laboratory Commission
 Shreveport, Louisiana
 Note to Required Supplementary Information
 December 31, 2007

The Commission's budget is adopted on a cash basis for all funds. There were no amendments to the 2007 budget. The budget comparison schedule included in the accompanying financial statements includes the original and adopted budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 29,328
Adjustments:	
Revenue accruals – net	70,179
Expenditure accruals – net	<u>21,113</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 120,620</u>

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards

To the Members of the
Board of Commissioners
North Louisiana Criminalistics
Laboratory Commission

We have audited the financial statements of the governmental activities and major fund of the North Louisiana Criminalistics Laboratory Commission as of and for the year ended December 31, 2007, which collectively comprise the North Louisiana Criminalistics Laboratory Commission's basic financial statements, and have issued our report thereon dated June 5, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered North Louisiana Criminalistics Laboratory Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Louisiana Criminalistics Laboratory Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of North Louisiana Criminalistics Laboratory Commission's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects North Louisiana Criminalistics Laboratory Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of North Louisiana Criminalistics Laboratory Commission's financial statements that is more than inconsequential will not be prevented or detected by North Louisiana Criminalistics Laboratory Commission's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2007-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by North Louisiana Criminalistics Laboratory Commission's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant

deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Louisiana Criminalistics Laboratory Commission's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

North Louisiana Criminalistics Laboratory Commission's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit North Louisiana Criminalistics Laboratory Commission's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
June 5, 2008

North Louisiana Criminalistics Laboratory
Shreveport, Louisiana
Summary Schedule of Prior Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2007

There were two significant deficiencies and four compliance findings for the prior year audit for the year ended December 31, 2006, as described below:

2006-1 Financial Statement Preparation

Condition: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Commission's annual financial statements. This condition is intentional by management based upon the Commission's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.

Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation: As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Current Status: See repeat comment in current year audit.

2006-2: Financial Reports for Grants / Contracts

Condition: During our audit, we noted that financial reports filed under grants / contracts were not reconcilable to the agency's general ledger and/or accounting records.

Recommendation: We recommend that the grant expenditures per the financial reports filed under grants/ contracts be reconciled to the agency's general ledger prior to report submission. We further recommend that someone independent of report preparation review all financial reports filed under grants / contracts prior to submission.

Current Status: Improvement noted.

(Continued)

North Louisiana Criminalistics Laboratory
Shreveport, Louisiana
Summary Schedule of Prior Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2007
(Continued)

2006-3: Timely Submission of Requests for Funds

Condition: During our audit, we noted that requests for reimbursement filed under the professional services agreement contract "Solving Cold Cases with DNA" with the City of Shreveport were not submitted timely. The following reimbursements were submitted for the audit period of January 1, 2006 to December 31, 2006:

<u>Reimbursement Period</u>	<u>Date Submitted</u>
August 2005 through February 2006	February 2006
March 2006 through December 2006	March 2007

Recommendation: We recommend that the agency submit requests for reimbursement in a timely manner in accordance with the terms of the contract agreement.

Current Status: Improvement noted.

2006-4: Substantiation of Payroll Charges to Grants / Contracts

Condition: During our audit, we noted that payroll charges were not adequately documented with timesheets / activity reports for personnel costs charged to the following grants / contracts:

Department of Health and Hospitals – Hurricane Katrina / Rita
Louisiana State Police Crime Lab – DNA Capacity Enhancement program
City of Shreveport – Solving Cold Cases with DNA program
Louisiana State University – DNA "FACES" agreement

Recommendation: We recommend that the agency prepare detailed timesheets / activity reports to substantiate all personnel costs charged to grants / contracts.

Current Status: Improvement noted.

2006-5: Grant / Contract Funds Advanced

Condition: During our audit, we noted that the agency requested and received the entire balance of grant funds in advance under the following grants / contracts:

Louisiana State Police Crime Lab – DNA Capacity Enhancement program
Louisiana State Police Crime Lab – DNA Analysis of Backlog Cases – 2004
Louisiana State Police Crime Lab – DNA Analysis of Backlog Cases – 2005

Recommendation: We recommend that the agency submit requests for reimbursement in a monthly basis in accordance with the terms of the contract agreement.

Current Status: Not applicable for current year audit.

(Continued)

North Louisiana Criminalistics Laboratory
Shreveport, Louisiana
Summary Schedule of Prior Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2007
(Continued)

2006-6: Late Submission of Audit Report

Condition: The agency's audit report for the year ended December 31, 2006 was not submitted by the due date of June 30, 2007, in accordance with state audit law.

Recommendation: We recommend that the agency take necessary steps to ensure submission of its audit report in accordance with the provisions of the state audit law.

Current Status: Audit for the year ended December 31, 2007 was submitted timely.

North Louisiana Criminalistics Laboratory
Shreveport, Louisiana
Corrective Action Plan For Current Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2007

There is one significant deficiency for the current year audit for the year ended December 31, 2007, as described below:

2007-1 Financial Statement Preparation

Condition: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Commission's annual financial statements. This condition is intentional by management based upon the Commission's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.

Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation: As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management's Response: We agree with the recommendation.